

- D) an illness or injury for which he or she is not under the regular and continuous care and treatment of a Physician, unless such regular and continuous care and treatment are not medically indicated given the nature of Disability;
- E) injuries resulting from the acts or omissions of another person or organization except as provided in Section 4.3;
- F) service in the Armed Forces of any country or international authority;
- G) any condition or symptoms related thereto, for which the Participant received medical care, consultation, attention, advice or treatment (including taking prescribed medicines or drugs) in the six (6) month period immediately prior to the most recent effective date of his or her participation in the Plan, provided, however, that this subsection shall cease to apply to a Participant on a date which is the earlier of i) the end of a six (6) consecutive-months period during which no medical care, consultation, attention, advice or treatment (including taking prescribed medicines or drugs) was received for such condition and he or she was a Participant in the Plan, or ii) the end of a twelve (12) consecutive-months period during which he or she has been actively at work for the Company and a Participant in the Plan; this limitation shall be waived if the Employee becomes a participant on or before January 1, 1985.

Disability benefits shall not be payable for any period during which the Participant is confined in a penal or correctional institution due to conviction of a criminal offense.

Disability benefits shall be payable only if the Disability commences while the Participant is participating in the Plan.

PLAN-0034

3.4 Rehabilitative Employment

Anything in the Plan to the contrary notwithstanding, a disabled Participant eligible to receive Disability benefits may, with the prior approval of the Plan Administrator, and without affecting his or her continued eligibility for such benefits, engage in an occupation or employment for wage or profit if the Plan Administrator finds that rehabilitation or therapy is the purpose of such occupation or employment.

ARTICLE 4

DISABILITY BENEFITS

4.1 Amount of Benefit

The monthly benefit amount under the Plan shall be the lesser of i) sixty percent (60%) of the Participant's monthly covered Basic Salary, or ii) six thousand dollars (\$6,000), subject to the reduction specified in Section 4.2.

For any period for which benefits are payable under the Plan, and which is less than a full month, the amount of the benefit payment for each day shall be one-thirtieth (1/30) of the amount of the monthly benefit.

4.2 Reduction of Benefits

The benefit set forth in section 4.1 shall be reduced by the amount of any of the following benefits which are available, for the same period of Disability, to the Participant or his or her legal representative, except that, in no event, shall the benefit be less than \$50 per month.

- A) Primary and dependent disability and old age retirement benefits under the Federal Social Security Act, as now or hereafter in effect; provided, however, that after the initial deduction for such benefits, the monthly benefit shall not be further reduced by the amount of any increase in benefits, as may thereafter become effective during a period for which Disability benefits are payable; and which is due to a cost-of-living adjustment pursuant to Section 230, Title II of the Act;
- B) disability benefits under a state disability fund or a Company plan established in lieu thereof;
- C) benefits under any Workers' Compensation Law, Occupational Disease Law, Employer's Liability Law, or any other legislation of similar purpose, whether paid periodically or in a lump sum;

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The monthly benefit amount under the Plan shall be the lesser of i) sixty percent (60%) of the Participant's monthly covered Basic Salary, or ii) six thousand dollars (\$6,000), subject to the reduction specified in Section 4.2.

For any period for which benefits are payable under the Plan, and which is less than a full month, the amount of the benefit payment for each day shall be one-thirtieth (1/30) of the amount of the monthly benefit.

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The benefit set forth in section 4.1 shall be reduced by the amount of any of the following benefits which are available, for the same period of Disability, to the Participant or his or her legal representative, except that, in no event, shall the benefit be less than \$50 per month.

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- B) disability benefits under a state disability fund or a Company plan established in lieu thereof;
- C) benefits under any Workers' Compensation Law, Occupational Disease Law, Employer's Liability Law, or any other legislation of similar purpose, whether paid periodically or in a lump sum;

- D) an illness or injury for which he or she is not under the regular and continuous care and treatment of a Physician, unless such regular and continuous care and treatment are not medically indicated given the nature of Disability;
- E) injuries resulting from the acts or omissions of another person or organization except as provided in Section 4.3;
- F) service in the Armed Forces of any country or international authority;
- G) any condition or symptoms related thereto, for which the Participant received medical care, consultation, attention, advice or treatment (including taking prescribed medicines or drugs) in the six (6) month period immediately prior to the most recent effective date of his or her participation in the Plan, provided, however, that this subsection shall cease to apply to a Participant on a date which is the earlier of i) the end of a six (6) consecutive-months period during which no medical care, consultation, attention, advice or treatment (including taking prescribed medicines or drugs) was received for such condition and he or she was a Participant in the Plan, or ii) the end of a twelve (12) consecutive-months period during which he or she has been actively at work for the Company and a Participant in the Plan; this limitation shall be waived if the Employee becomes a participant on or before January 1, 1985.

Disability benefits shall not be payable for any period during which the Participant is confined in a penal or correctional institution due to conviction of a criminal offense.

Disability benefits shall be payable only if the Disability commences while the Participant is participating in the Plan.

3.4 Rehabilitative Employment

PLAN-0037

Anything in the Plan to the contrary notwithstanding, a disabled Participant eligible to receive Disability benefits may, with the prior approval of the Plan Administrator, and without affecting his or her continued eligibility for such benefits, engage in an occupation or employment for wage or profit if the Plan Administrator finds that rehabilitation or therapy is the purpose of such occupation or employment.

- D) benefits under any plan, fund or other arrangement, by whatever name called, providing disability or retirement benefits pursuant to any compulsory benefit act or law of any federal, state or provincial government;
- E) disability benefits under any other Company-sponsored or Company-funded plan; and
- F) benefits under a Company-sponsored retirement plan.

To the extent that the benefits described in paragraphs A) through F) are payable for less than a full month, the Plan benefit as set forth in Section 4.1 shall be reduced by one-thirtieth (1/30) of the amount of the monthly benefit.

In the event that a Participant either fails to apply for, elects to defer, or fails to request any of the benefits, as set forth in this section, which would serve to reduce the Plan benefit, the Plan Administrator shall use, for the purpose of determining the reduction in payments under this Plan, the benefit that would have been paid had the Participant made application for, and received such benefits, on the earliest date on which he or she was eligible, except that this provision shall not apply in the case of retirement benefits which might be payable prior to the normal retirement age of the Participant.

In the event that a person entitled to a Disability benefit hereunder receives income from an occupation or employment engaged in with the prior and continuing approval of the Plan Administrator, the Disability benefit shall be further reduced by 60% of remuneration derived from that occupation or employment.

PLAN-0038

4.3 Acts of Third Parties

In the event that a Participant is injured through the acts or omissions of another person or organization, the Plan Administrator shall provide the benefits of the Plan only on condition that the Participant shall agree in writing:

- A) To reimburse the Plan for the full amount of payments made under the terms of this Plan, immediately upon receipt of and out of the proceeds of any settlement of, or judgment in,

an action at law, arbitration, claim, or other proceeding to determine said Participant's rights of recovery arising out of said injury, net of Participant's reasonable expenses in collecting such amount, including reasonable attorney's fees, and net of any amounts which are allocated by terms of any judgment for the payment of unreimbursed medical expenses of the Participant; said Participant shall execute and deliver instruments and papers and do whatever else is necessary to secure the rights of the Plan to reimbursement out of such proceeds; said Participant shall do nothing to prejudice such rights;

- B) To provide the Plan Administrator with a lien on the proceeds described above, to the extent of the full amount of payments made under the terms of this Plan; said lien may be filed with the person or organization whose act or omission injured the Participant, with his or her (its) agents, or may be filed with the Court;
- C) To provide the Plan Administrator with a credit against payments to be made in the future under this Plan, said credit to be equal to the proceeds above described, less any amount paid to the Plan by the way of reimbursement.

4.4 Commencement & Duration of Disability Benefits

Disability benefits shall be payable as of the first day that a Participant becomes eligible to receive benefits, and shall be payable at least monthly so long as such eligibility continues.

Eligibility for Disability benefits shall terminate upon the occurrence of any of the following events, or on the earliest of the following:

- A) the date that the Participant dies;
- B) the day on which the Disability no longer exists, as determined by the Plan Administrator;
- C) on the first day following twenty-four (24) months of Benefit eligibility if the Participant is not receiving Social Security Disability Benefits.

PLAN-0039

an action at law, arbitration, claim, or other proceeding to determine said Participant's rights of recovery arising out of said injury, net of Participant's reasonable expenses in collecting such amount, including reasonable attorney's fees, and net of any amounts which are allocated by terms of any judgment for the payment of unreimbursed medical expenses of the Participant; said Participant shall execute and deliver instruments and papers and do whatever else is necessary to secure the rights of the Plan to reimbursement out of such proceeds; said Participant shall do nothing to prejudice such rights;

- B) To provide the Plan Administrator with a lien on the proceeds described above, to the extent of the full amount of payments made under the terms of this Plan; said lien may be filed with the person or organization whose act or omission injured the Participant, with his or her (its) agents, or may be filed with the Court;
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- B) the day on which the Disability no longer exists, as determined by the Plan Administrator;
- C) on the first day following twenty-four (24) months of Benefit eligibility if the Participant is not receiving Social Security Disability Benefits.

- D) benefits under any plan, fund or other arrangement, by whatever name called, providing disability or retirement benefits pursuant to any compulsory benefit act or law of any federal, state or provincial government;
- E) disability benefits under any other Company-sponsored or Company-funded plan; and
- F) benefits under a Company-sponsored retirement plan.

To the extent that the benefits described in paragraphs A) through F) are payable for less than a full month, the Plan benefit as set forth in Section 4.1 shall be reduced by one-thirtieth (1/30) of the amount of the monthly benefit.

In the event that a Participant either fails to apply for, elects to defer, or fails to request any of the benefits, as set forth in this section, which would serve to reduce the Plan benefit, the Plan Administrator shall use, for the purpose of determining the reduction in payments under this Plan, the benefit that would have been paid had the Participant made application for, and received such benefits, on the earliest date on which he or she was eligible, except that this provision shall not apply in the case of retirement benefits which might be payable prior to the normal retirement age of the Participant.

In the event that a person entitled to a Disability benefit hereunder receives income from an occupation or employment engaged in with the prior and continuing approval of the Plan Administrator, the Disability benefit shall be further reduced by 60% of remuneration derived from that occupation or employment.

4.3 Acts of Third Parties

PLAN-0041

In the event that a Participant is injured through the acts or omissions of another person or organization, the Plan Administrator shall provide the benefits of the Plan only on condition that the Participant shall agree in writing:

- A) To reimburse the Plan for the full amount of payments made under the terms of this Plan, immediately upon receipt of and out of the proceeds of any settlement of, or judgment in,

- D) a failure by the Participant to cooperate in a medical examination required by the Plan Administrator, within thirty (30) days following a written request therefor by the Plan Administrator;
- E) a refusal by the Participant to provide information requested in writing by the Plan Administrator for the purpose of determining whether the Participant is entitled to benefits under the Plan; failure to provide such information within thirty (30) days following such request shall be considered to constitute a refusal;
- F) the date as determined with reference to the following Schedule:

<u>Age at Disability</u>	<u>Duration of Benefits</u>
61 and younger	Through the month during which age 65 is attained
62	3 years, 6 months
63	3 years
64	2 years, 6 months
65	2 years
66	1 year, 9 months
67	1 year, 6 months
68	1 year, 3 months
69	1 year

- G) the Participant is no longer under the regular and continuous care and treatment of a Physician, unless such regular and continuous care and treatment are not medically indicated given the nature of the Disability, or the Participant refuses to follow or rejects the treatment plan recommended by the attending Physician, unless such treatment plan is disputed in good faith and on the written advice of another Physician.

No benefit shall be due or payable under this restated Plan for any Disability incurred prior to January 1, 1985.

ARTICLE 5

PAYMENT OF BENEFITS

5.1 Application for Benefits

To be entitled to any Disability benefits for which a Participant is otherwise eligible under the Plan, a Participant must be in compliance with such procedures and requirements as the Plan Administrator may have prescribed, with respect to the completion and filing of an application for such benefits, and submission of evidence that such Participant is entitled to such benefits. The Plan Administrator shall require information with respect to the Participant's age, address, marital status, dependents, employment record, medical history, and evidence that such Participant has applied for Social Security benefits, or other benefits as outlined in Section 4.2. The Plan Administrator may require any other information reasonably relevant to a determination of whether such Participant is eligible to receive Disability benefits, and may also require written authorization (i) to obtain information from all the physicians of a Participant applying for Disability benefits, with respect to such Participant's physical condition, diagnosis, prognosis, date of expected return to work and related matters; (ii) to request and receive relevant medical records on file in any hospital, physician's or government office; and (iii), to obtain such other records from any company having information reasonably relevant to a determination.

5.2 Time Limit for Application for Benefits

Application for benefits, in accordance with the procedures and requirements prescribed by the Plan Administrator, must be made within one hundred twenty (120) days following the date on which Disability begins. Failure to make application within this time limit shall not result in denial of benefits, in whole or in part, if it was not reasonably possible to do so, provided such application was made as soon as was reasonably possible.

5.3 Medical Examinations

PLAN-0043

The Plan Administrator may require that a Participant applying for Disability benefits submit to an examination by a physician designated by the Plan Administrator, for a medical opinion as to whether such Participant is disabled

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PLAN-0044

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The Plan Administrator may require that a Participant applying for Disability benefits submit to an examination by a physician designated by the Plan Administrator, for a medical opinion as to whether such Participant is disabled

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- G) the Participant is no longer under the regular and continuous care and treatment of a Physician, unless such regular and continuous care and treatment are not medically indicated given the nature of the Disability, or the Participant refuses to follow or rejects the treatment plan recommended by the attending Physician, unless such treatment plan is disputed in good faith and on the written advice of another Physician.

No benefit shall be due or payable under this restated Plan for any Disability incurred prior to January 1, 1985.

so as to meet the eligibility requirements under the Plan for Disability benefits, and whether the Disability has existed for the requisite elimination period. Reexaminations of a Participant receiving Disability benefits may be directed by the Plan Administrator from time to time for the purpose of assisting the Plan Administrator in determining whether continued eligibility for such benefits exists. The fees of such Physician and the expenses of such examination shall be paid by the Plan.

5.4 Claim Determination

The Plan Administrator shall, within ninety (90) days of receipt of a properly completed application for benefits, render a written decision with respect to the Disability benefits to which the Participant is entitled, if any. Written notice of such decision shall be given to the Participant. If the Plan Administrator determines that the Participant is entitled to Disability benefits, such written notice shall set forth the amount of the Disability benefits to which the Participant is entitled, and the method by which the amount of such benefits was computed. In the event the Plan Administrator determines that the Participant is not entitled to Disability benefits, such written notice shall set forth the specific reasons for such determination, specify the provisions of the Plan upon which the denial is based, and describe any additional material or information reasonably necessary for the Participant to perfect the claim. Such notice shall also set forth the claim review procedure described in Section 5.5.

PLAN-0046

5.5 Claim Review Procedure

A Participant whose claim has been denied, in whole or in part, may, within sixty (60) days after receipt of notice of such denial, make written request for review of the claim by the Plan Administrator. Documents pertinent to the claim shall be made available to the Participant or to the Participant's representative.

The Plan Administrator shall provide the Participant with a written decision, including specific reasons; this decision shall ordinarily be provided within sixty (60) days of receipt of the request for review. If special circumstances require an extension of the time for review, written notice of such extension shall be given to the Participant within such sixty (60) day period. In no event shall the decision be provided more than one hundred twenty (120) days after

5.6 Non-Alienation of Benefits

Except as provided in Section 4.3, to the extent permitted by law, no benefit payable at any time under the Plan shall be assignable or transferable, or subject to any lien, in whole or in part, either directly or by operation of law, or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, or in any other manner, and no benefit payable under the Plan shall be liable for, or be subject to, any obligation or liability of any Participant. If any Participant entitled to a benefit under the Plan shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber such benefit, or any part thereof, or if by reason of his or her bankruptcy, or other event happening at any time, such benefit would devolve upon anyone else or would not be enjoyed by him or her, then the Plan Administrator, in its discretion, which shall be exercised uniformly by treating individuals in similar circumstances alike, may terminate the Participant's interest in any such benefit, and hold or apply it to or for his or her benefit, or the benefit of his or her spouse, children or other dependents, or any of them, in such manner as the Plan Administrator may deem proper and in accordance with law.

5.7 Payment to Representative

In the event that a guardian, conservator, committee or other legal representative has been duly appointed for a Participant entitled to any payment under the Plan, any such payment due may be made to the legal representative making claim therefor, and any such payment so made shall be in complete discharge of the liabilities of the Plan therefor, and the obligations of the Plan Administrator and the Company.

5.8 Payment in the Event of Death

In the event that the final payment of Disability income is payable as the result of the death of a Participant, such payment shall be made in the following order of preference: i) to his or her spouse, if any; or ii) if such Participant left no surviving spouse, to the authorized representative of the Participant's estate.

5.6 Non-Alienation of Benefits

Except as provided in Section 4.3, to the extent permitted by law, no benefit payable at any time under the Plan shall be assignable or transferable, or subject to any lien, in whole or in part, either directly or by operation of law, or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, or in any other manner, and no benefit payable under the Plan shall be liable for, or be subject to, any obligation or liability of any Participant. If any Participant entitled to a benefit under the Plan shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber such benefit, or any part thereof, or if by reason of his or her bankruptcy, or other event happening at any time, such benefit would devolve upon anyone else or would not be enjoyed by him or her, then the Plan Administrator, in its discretion, which shall be exercised uniformly by treating individuals in similar circumstances alike, may terminate the Participant's interest in any such benefit, and hold or apply it to or for his or her benefit, or the benefit of his or her spouse, children or other dependents, or any of them, in such manner as the Plan Administrator may deem proper and in accordance with law.

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5.4 Claim Determination

The Plan Administrator shall, within ninety (90) days of receipt of a properly completed application for benefits, render a written decision with respect to the Disability benefits to which the Participant is entitled, if any. Written notice of such decision shall be given to the Participant. If the Plan Administrator determines that the Participant is entitled to Disability benefits, such written notice shall set forth the amount of the Disability benefits to which the Participant is entitled, and the method by which the amount of such benefits was computed. In the event the Plan Administrator determines that the Participant is not entitled to Disability benefits, such written notice shall set forth the specific reasons for such determination, specify the provisions of the Plan upon which the denial is based, and describe any additional material or information reasonably necessary for the Participant to perfect the claim. Such notice shall also set forth the claim review procedure described in Section 5.5.

PLAN-0049

5.5 Claim Review Procedure

A Participant whose claim has been denied, in whole or in part, may, within sixty (60) days after receipt of notice of such denial, make written request for review of the claim by the Plan Administrator. Documents pertinent to the claim shall be made available to the Participant or to the Participant's representative.

The Plan Administrator shall provide the Participant with a written decision, including specific reasons; this decision shall ordinarily be provided within sixty (60) days of receipt of the request for review. If special circumstances require an extension of the time for review, written notice of such extension shall be given to the Participant within such sixty (60) day period. In no event shall the decision be provided more than one hundred twenty (120) days after receipt of the request for review.

ARTICLE 6

THE TRUST FUND AND THE TRUSTEE

6.1 Trust Agreement

The Company shall enter into a trust agreement with a Trustee. The Trustee shall hold, manage, and invest the Trust Fund in accordance with the provisions of such trust agreement.

6.2 Purpose of the Trust Fund

The Trust Fund shall be used to pay the benefits provided under the Plan, as well as to pay any and all fees and expenses of the Plan which are not paid directly by the Company.

ARTICLE 7

PLAN FINANCING

7.1 Participant Contributions

Participants shall make monthly contributions in an amount determined by the Plan Administrator. All such contributions shall be deposited to the Trust Fund.

7.2 Company Contributions

The Company shall make monthly contributions, in an amount determined by the Plan Administrator, on behalf of Participants who are Employees of the Mohawk Division of the Company.

7.3 Limitation of Liability

The payment of benefits under the Plan shall be made only from the Trust Fund held by the Trustee. Any contracts of insurance purchased by the Trustee shall be considered part of the Trust Fund. No liability for the payment of benefits under the Plan shall be imposed upon the Company or its officers, directors or shareholders.

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6.2 Purpose of the Trust Fund

The Trust Fund shall be used to pay the benefits provided under the Plan, as well as to pay any and all fees and expenses of the Plan which are not paid directly by the Company.

ARTICLE 8

ADMINISTRATION OF THE PLAN

8.1 Duties of Plan Administrator

The Plan Administrator is responsible for the administration of this Plan in accordance with the provisions of the Plan. The Plan Administrator shall have such powers and perform such duties as are necessary for the proper operation of the Plan. This shall include, from time to time, designating representatives who shall carry out the delegated responsibilities on behalf of the Plan Administrator. Contemplated designees include, but are not limited to, a Claims Administrator. All such designees shall serve at the pleasure of the Plan Administrator and, if employees, shall serve without compensation.

8.2 Limitation of Liability

The Plan Administrator, and any employee or representative thereof, shall be entitled to rely upon any information from any source assumed in good faith to be correct. Neither the Plan Administrator, nor any of its employees or representatives, nor the Company, nor any officer or other representative of the Company, shall be liable, because of any act or failure to act, on the part of the Plan Administrator or any of its employees or representatives, to any person whomsoever, except that nothing herein shall be deemed to relieve any individual from liability for his or her own fraud, bad faith, or gross negligence.

ARTICLE 9

DURATION AND AMENDMENT OF THE PLAN

9.1 Permanence of the Plan

The Plan shall continue in full force and effect unless terminated, modified, altered, or amended by the Company, as provided in this Article. Although the Company has established the Plan with the bona fide intention and expectation that it will continue indefinitely, nevertheless, the Company is not, and shall not be, under any obligation or liability whatsoever to maintain the Plan for any given length of time. The Company, through action of its Board of Directors, may, in its sole and absolute discretion, terminate the Plan at any time, without any liability whatsoever for such termination. In the event that the Plan is terminated, the Trustee will, to the extent that funds are available in the Trust Fund, continue to pay all benefits then due and payable to Participants.

9.2 Right to Amend

The Company reserves the right, at any time and from time to time, to modify, alter, or amend, in whole or in part, any or all of the provisions of the Plan, provided, however, that no such modification, alteration, or amendment which increases the duties, obligations or liability of the Plan Administrator shall be made without the consent of the Plan Administrator.

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McKESSON CORPORATION
EMPLOYEES' LONG TERM DISABILITY BENEFIT PLAN
AS RESTATED
EFFECTIVE JANUARY 1, 1985
(ORIGINAL EFFECTIVE DATE DECEMBER 1, 1976)

PLAN-0057

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McKESSON CORPORATION
LONG TERM DISABILITY BENEFIT PLAN

The principal purpose of this Plan is to aid employees in the establishment of financial security for themselves in the event of disability. This Plan does not replace other benefit sources which are available to an employee during disability, such as Social Security, Workers' Compensation, or State Disability benefits. This Plan provides a benefit supplement, if necessary, to such other benefit sources, in order to assist employees in meeting their reasonable income needs while disabled.

This document will not affect the rights of any employees entitled to receive benefits under the terms of the prior plan on December 31, 1984.

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ARTICLE 1

DEFINITIONS

Whenever the following terms are used in the Plan, they shall have the meaning specified below unless the context clearly indicates to the contrary.

1.1 Company

[Effective 07/01/87] "Company" shall mean McKesson Corporation ~~a Delaware Corporation~~ and such of its subsidiaries as may receive the continuing consent of McKesson Corporation ~~a Delaware Corporation~~ to participate in the Plan.

1.2 Plan Administrator

"Plan Administrator" shall mean the Employee Benefits Committee of the Company. The Plan Administrator shall also serve as the "named fiduciary" for purposes of satisfying the requirements of Section 402 of the Employee Retirement Income Security Act of 1974, and shall serve at the pleasure of the Company. The Plan Administrator may delegate specific administrative and fiduciary responsibilities to other parties.

1.3 Disability

[Effective 01/01/89] "Disability" shall mean any physical or mental condition arising from an illness, pregnancy or injury which renders a Participant incapable of performing work. During the first ~~thirty (30)~~ ~~twenty-four (24)~~ months of Disability, a Participant must be unable to perform the work of his or her regular occupation or any reasonably related occupation, and must not, except as provided in Section 3.4, be performing work or services of any kind for remuneration. After ~~thirty (30)~~ ~~twenty-four (24)~~ months of Disability, a Participant must be unable to perform the work of any occupation for which he or she is or becomes reasonably qualified by training, education or experience, and, in addition, be receiving Social Security benefits on account of his or her disability.

1.4 Employee

[Effective 01/01/87] "Employee" shall mean a person who is a regular, United States employee of the Company, whose customary work week is not less than the usual full-time work schedule of the unit in which he or she is employed, ~~who is under the age of seventy (70)~~, and who is not covered by a collectively bargained Health and Welfare Plan.

1.5 Basic Salary

[Effective 09/01/87]"Basic Salary" shall mean:

- i) with respect to salaried and hourly employees, compensation paid for services rendered to the Company (including any compensation deferred under a Company deferred compensation plan), but shall exclude bonuses, overtime and shift pay, premiums and all other forms of extra remuneration;
- ii) with respect to commissioned sales representatives of the Water Division of the Company, the average income of the assigned route during the previous calendar year, or, if such route was not in existence for all of such calendar year, the average of all other routes in the same district during such calendar year; and
- iii) with respect to all other commissioned sales representatives, base pay, commissions and payments pursuant to Company-sponsored incentive programs including prize winnings and the monetary equivalent (as determined by the Company) of merchandise and incentive points, but shall exclude any payments pursuant to supplier-sponsored incentive programs, reimbursed business expenses, car or territory allowances, moving expenses and all other forms of extra remuneration; for purposes of benefit determination, there shall be used the average of such Basic Salary received in the previous calendar year, except in the case of a Participant who was not an Employee during all of such calendar year, in which case a projection of such Basic Pay, as determined by the Company, shall be used.

For purposes of contribution and benefit determination a Participant may elect to cover i) only the first \$2,500 per month of Basic Salary, ii) the first \$5,000 per month of Basic Salary, or iii) the first \$10,000 per month of Basic Salary.

1.6 Participant

"Participant" shall mean an Employee whose participation becomes effective in accordance with the provisions of Section 2.2.

1.7 Plan

"Plan" shall mean the McKesson Corporation Employees' Long Term Disability Benefit Plan, as herein set forth, and as it may be amended from time to time.

1.8 Physician

"Physician" shall mean a licensed doctor of medicine (M.D.), doctor of osteopathy (D.O.), or other licensed practitioner of the healing arts operating within the scope of his or her practice and under the laws of the practitioner's jurisdiction.

1.9 Plan Year

"Plan Year" shall mean the twelve (12) month period beginning on April 1.

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[Effective 01/01/87]"Employee" shall mean a person who is a regular, United States employee of the Company, whose customary work week is not less than the usual full-time work schedule of the unit in which he or she is employed, ~~who is under the age of seventy (70),~~ and who is not covered by a collectively bargained Health and Welfare Plan.

1.10 Trust Fund

"Trust Fund" shall mean the Participant and Company contributions which are held by the Trustee, increased by any earnings or appreciation, and decreased by any loss, taxes, administrative expense or payments made under the Plan.

1.11 Trustee

"Trustee" shall mean the trustee of the Trust Fund.

ARTICLE 2

PARTICIPATION

2.1 Eligibility for Participation

An Employee shall be eligible to participate on the day he or she becomes an Employee.

2.2 Election to Participate

An eligible Employee may become a Participant by filing with the Plan Administrator written notice of election in conformance with procedures prescribed by the Plan Administrator.

Participation shall become effective

- A) on the date of eligibility, if the notice of election is filed on or before such date;
- B) on the date that the notice is filed, if that date is within thirty-one (31) days following the date of eligibility; or
- C) on the date on which the Plan Administrator determines that the Employee is acceptable for participation (such acceptability to be based on satisfactory evidence of good health submitted by the Employee in accordance with procedures established by the Plan Administrator), if the notice is filed either more than thirty-one (31) days following the date of eligibility, or following voluntary cessation of participation by the Employee;

provided, however, that if an Employee is not actively at work on a full-time basis on the date that his or her participation would otherwise become effective, his or her participation will be deferred until the date on which he or she returns to active work on a full-time basis.

The Plan Administrator may, from time to time, allow an "open enrollment" of eligible Employees who have not previously elected to participate in the Plan. Rules and procedures applicable to any such open enrollment shall be prescribed by the Plan Administrator.

2.3 Cessation of Participation

A Participant shall automatically cease to participate in the Plan upon the earliest of the following dates:

- A) the date he or she ceases to be a regular full-time employee working 100% of the normal work schedule;
- B) the date he or she becomes covered by a collectively bargained Health and Welfare plan;
- C) the date he or she fails to pay the required contribution;
- D) the date he or she voluntarily discontinues coverage;
- E) the date he or she enters military service;

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1.11 Trustee

"Trustee" shall mean the trustee of the Trust Fund.

- F) the date his or her employment terminates;
- G) the date the Plan is discontinued.

ARTICLE 3
ELIGIBILITY FOR BENEFITS

3.1 Elimination Period

A Participant who sustains a Disability shall, subject to the provisions of the Plan, become eligible to receive the benefit described in Section 4.1 only after such Disability shall have continuously existed for a period of one hundred eighty (180) days.

Successive periods of Disability separated by less than ninety (90) consecutive days of active work on a full-time basis shall be considered one period of Disability, unless the subsequent Disability is due to an illness or injury entirely unrelated to the cause of the previous Disability, and commences after return to active work with the Company on a full-time basis for at least one day.

3.2 Disability Determination

Pursuant to procedures established by the Plan Administrator, a determination shall be made whether a Disability exists with respect to a Participant on the basis of objective medical evidence.

3.3 Exclusions and Limitations

No Participant shall be entitled to a Disability benefit if his or her Disability arises out of, relates to, is caused by or results from the following:

- A) an intentionally self-inflicted injury;
- B) an illness or injury to which a contributing cause was his or her commission or attempted commission of a felony, or his or her engagement in an illegal occupation;
- C) an illness or injury due to war or any act of war, declared or undeclared, insurrection, rebellion or participation in a riot;
- D) an illness or injury for which he or she is not under the regular and continuous care and treatment of a Physician, unless such regular and continuous care and treatment are not medically indicated given the nature of Disability;
- E) injuries resulting from the acts or omissions of another person or organization except as provided in Section 4.3;
- F) service in the Armed Forces of any country or international authority;
- G) any condition or symptoms related thereto, for which the Participant received medical care, consultation, attention, advice or treatment (including taking prescribed medicines or drugs) in the six (6) month period immediately prior to the most recent effective date of his or her participation in the Plan, provided, however, that this subsection shall cease to apply to a Participant on a date which is the earlier of i) the end of a six (6) consecutive-months period during

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